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C O N F I D E N T I A L SANTIAGO 000907

SIPDIS

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TAGS: [PREL](#) [PGOV](#) [CI](#) [PE](#)

SUBJECT: CHILE: DOMESTIC REACTION TO SPY STORY SUBDUED

REF: SANTIAGO 905; SANTIAGO 903; LIMA 1653; LIMA 1647; LIMA 1635

CLASSIFIED BY: Paul Simons, Ambassador; REASON: 1.4(B), (D)

11. (SBU) SUMMARY: The domestic reaction in Chile to the Peruvian spy story has been subdued due to careful management by the Bachelet administration. Congress and the three leading Presidential candidates support President Bachelet's handling of the situation. Potential U.S. military sales currently are not a media issue in Chile, as the press has focused on the spy story. END SUMMARY.

Chile's Domestic Reaction Subdued

12. (C) The domestic reaction in Chile to the Peruvian spy story has been low-key thanks in good part to careful management by the Bachelet administration. Foreign Minister Fernandez briefed the Chilean Congress on November 18, delivering the same information he gave the Ambassador earlier that day (Ref A): Peru's domestic politics are the driving force behind President Garcia's steadily increasing rhetoric. According to Fernandez, nationalist opposition forces in Peru used the spy story as a pretext to block Garcia's regional security initiative and undermine Garcia's more cooperative approach with Chile.

13. (SBU) On November 19, La Tercera also ran an article making the same arguments, drawing on Chilean government sources.

14. (SBU) The GOC strategy, which calls for a measured response, appears to have widespread domestic support. The Chilean Senate and Chamber of Deputies passed separate resolutions supporting President Bachelet and rejecting the "hostile" expressions of the Peruvian government. Jorge Pizarro, President of the Senate Foreign Relations Committee, said that Chile needs to proactively communicate its position in the region to insure that others are not confused by Garcia's comments.

Presidential Candidates Steer Clear of Spy Story

15. (SBU) The spy controversy is taking place less than one month before the December 13 presidential and congressional elections, but the three leading presidential candidates have avoided turning it into an election issue. Sebastian Pinera, the leading candidate from the opposition Alianza coalition, said that relations with

Peru must be handled firmly and prudently. He noted the maritime dispute as the key disagreement between the countries, but emphasized that Chile and Peru have a shared future. Concertacion candidate and former President Eduardo Frei said President Bachelet is responsible for external affairs and candidates should not weigh in. Independent candidate Marco Enriquez-Ominami expressed total support for Bachelet's actions.

¶6. (SBU) The spy story broke the same day that the U.S. announced possible military sales to Chile. Initially, media stories cited both as examples of friction with Peru, but recent statements by

political leaders and in media reports have focused on the spy story. The potential military sales largely ceased to be a media story in Chile by the week of November 16.

Full Time Director for Maritime Dispute

¶7. (SBU) The GOC made two expected announcements this week that have a bearing on Chile's relations with Peru. Bachelet appointed Under Secretary of Foreign Affairs Alberto Van Klaveren as the full-time director of the working group that will submit Chile's response to Peru's maritime lawsuit at the International Court of Justice. The response is due March 9, 2010. Separately, Minister of Defense Francisco Vidal announced that Chile would release its third "Defense White Book" in the next 30 days. The document will outline Chile's military expenditures, arms purchases, and strategic objectives. Vidal noted the importance of promoting transparency and said the document will clearly show that Chile is not in arms race. Both announcements were expected and not in response to the recent friction with Peru.
SIMONS